

US Economy update

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Thailand (Virtual)

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President Biden signed the Inflation Reduction Act of 2022 on August 16, 2022, which was the largest climate investment in US history

Of a total investment of \$437 billion, Energy Security and Climate Change received \$369 billion*

This Act is estimated to reduce US carbon emissions by 40% below 2005 levels by 2030**

*https://www.democrats.senate.gov/imo/media/doc/inflation_reduction_act_one_page_summary.pdf

**<https://www.whitehouse.gov/omb/briefing-room/2022/08/23/new-omb-analysis-the-inflation-reduction-act-will-significantly-cut-the-social-costs-of-climate-change/#:~:text=Because%20of%20the%20Inflation%20Reduction,by%20no%20later%20than%202050.>

The Inflation Reduction Act of 2022 impacts both energy supply and demand (1)*

Lower Consumer Energy Costs

- \$9 billion in consumer home energy rebate programs, focused on low-income consumers, to electrify home appliances and for energy efficient retrofits.
- 10 years of consumer tax credits to make homes energy efficient and run on clean energy, making heat pumps, rooftop solar, electric HVAC and water heaters more affordable.
- \$4,000 consumer tax credit for lower/middle income individuals to buy used clean vehicles, and up to \$7,500 tax credit to buy new clean vehicles.
- \$1 billion grant program to make affordable housing more energy efficient.

* https://www.democrats.senate.gov/imo/media/doc/summary_of_the_energy_security_and_climate_change_investments_in_the_inflation_reduction_act_of_2022.pdf

The Inflation Reduction Act of 2022 impacts both energy supply and demand (2)

American Energy Security and Domestic Manufacturing

- Production tax credits to accelerate U.S. manufacturing of solar panels, wind turbines, batteries, and critical minerals processing, estimated to invest \$30 billion.
- \$10 billion investment tax credit to build clean technology manufacturing facilities, like facilities that make electric vehicles, wind turbines and solar panels.
- \$500 million in the Defense Production Act for heat pumps and critical minerals processing.
- \$2 billion in grants to retool existing auto manufacturing facilities to manufacture clean vehicles, ensuring that auto manufacturing jobs stay in the communities that depend on them.
- Up to \$20 billion in loans to build new clean vehicle manufacturing facilities across the country.
- \$2 billion for National Labs to accelerate breakthrough energy research.

The Inflation Reduction Act of 2022 impacts both energy supply and demand (3)

Decarbonize the Economy

- Tax credits for clean sources of electricity and energy storage and roughly \$30 billion in targeted grant and loan programs for states and electric utilities to accelerate the transition to clean electricity.
- Tax credits and grants for clean fuels and clean commercial vehicles to reduce emissions from all parts of the transportation sector.
- Grants and tax credits to reduce emissions from industrial manufacturing processes, including almost \$6 billion for a new Advanced Industrial Facilities Deployment Program to reduce emissions from the largest industrial emitters like chemical, steel and cement plants.
- Over \$9 billion for Federal procurement of American-made clean technologies to create a stable market for clean products, including \$3 billion for the U.S. Postal Service to purchase zero-emission vehicles.
- \$27 billion clean energy technology accelerator to support deployment of technologies to reduce emissions, especially in disadvantaged communities.
- A Methane Emissions Reduction Program to reduce the leaks from the production and distribution of natural gas.

The Inflation Reduction Act of 2022 impacts both energy supply and demand (4)

Invest in Communities and Environmental Justice (\$60 billion)

- The Environmental and Climate Justice Block Grants, funded at \$3 billion, invest in community led projects in disadvantaged communities and community capacity building centers to address disproportionate environmental and public health harms related to pollution and climate change.
- The Neighborhood Access and Equity Grants, funded at \$3 billion, support neighborhood equity, safety, and affordable transportation access with 4 competitive grants to reconnect communities divided by existing infrastructure barriers, mitigate negative impacts of transportation facilities or construction projects on disadvantaged or underserved communities, and support equitable transportation planning and community engagement activities.
- Grants to Reduce Air Pollution at Ports, funded at \$3 billion, support the purchase and installation of zero-emission equipment and technology at ports.
- \$1 billion for clean heavy-duty vehicles, like school and transit buses and garbage trucks.
- Some of the previously mentioned programs that focus on disadvantaged and low-income communities are also important to environmental justice, like the technology accelerator and consumer home energy rebate programs. In addition, the many of the clean energy tax credits include either a bonus or set-aside structure to drive investments and economic development in disadvantaged communities

The Inflation Reduction Act of 2022 impacts both energy supply and demand (5)

Farmers, Forestland Owners and Resilient Rural Communities

- More than \$20 billion to support climate-smart agriculture practices.
- \$5 billion in grants to support healthy, fire resilient forests, forest conservation and urban tree planting.
- Tax credits and grants to support the domestic production of biofuels, and to build the infrastructure needed for sustainable aviation fuel and other biofuels.
- \$2.6 billion in grants to conserve and restore coastal habitats and protect communities that depend on those habitats.